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**

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Established 1887

In Mozambique

Rhodesia Strikes 25 Rebel Bases

SALISBURY, Rhodesia, Sept. 24 (UPI) — The military command said today that Rhodesian troops had destroyed 25 black nationalist guerrilla bases and clashed with a Mozambican armored unit during four days of operations "successfully completed" yesterday.

The command yesterday had announced the completion of four days of air and ground strikes and said that martial law had been imposed in some sectors of Rhodesia, but had imposed a news blackout on details of the strikes until participating commanders had been debriefed.

Breaking its silence, the command said today that Rhodesian forces battled with Mozambican regulars equipped with Soviet-supplied armored personnel carriers.

A communiqué said that the armored vehicles were "eliminated" but it gave no details on casualties. [Photograph: Page 2.]

The targets of the attacks were bases occupied by guerrillas of the Zimbabwe African National Liberation Army (ZANLA), headed by Patriotic Front co-leader Robert Mugabe.

Target of Raids

"The recent self-defense operation against ZANLA terrorists into Mozambique was carried out successfully," the communiqué said. "Twenty-five bases were attacked in separate locations, the center of the target being approximately 70 kilometers [43 miles] from the Rhodesian border."

The communiqué said that the main target area was a complex of eight guerrilla bases in an area of about 12 square miles (33 square kilometers).

The operations — the first such strikes officially acknowledged since the military command reported that 10 guerrilla bases were "knocked out" in July — were supervised by Rhodesia's supreme military commander, Lt. Gen. Peter Walls.

Gen. Walls announced yesterday that martial law had been proclaimed in "certain carefully selected areas in Rhodesia." He did not spell out what martial law would entail and did not name the areas affected.

"I must emphasize that the declaration of martial law has been primarily designed to facilitate op-

erations by the security forces against terrorists and those who assist them by acts of lawlessness," he said.

"I wish to make it abundantly clear that martial law does not mean that the security forces will be licensed to behave with complete abandon," he said.

Freedom of Action

Gen. Walls said that martial law was "designed to give the security forces additional freedom of action in order to deal more effectively with the terrorist menace" and vowed that it would be "administered responsibly and in good faith."

The completion of the raids and the announcement of martial law — both underscoring the intensification of the war — came on the eve of the second anniversary of Prime Minister Ian Smith's acceptance of the principle of majority rule.

On Sept. 24, 1976, Mr. Smith said in a dramatic announcement that he had accepted a majority rule blueprint drafted by Henry Kissinger, then U.S. secretary of state. The plan was to achieve majority rule in a two-year period but was rejected by black Africa's five "front-line states" and Rhodesian black nationalist organizations.

Mr. Smith has since concluded an "internal" agreement with three moderate black leaders, but it has been rejected by the Patriotic Front co-leaders, Mr. Mugabe and Joshua Nkomo.

Associated Press
Roland Begin, leader of Jura national movement, after voting in Delémont, capital of new canton. In background is canton's flag.**French-Speaking Area**

Swiss Vote to Create New Canton in Jura

BERN, Sept. 24 (AP) — A new Swiss state was born today in a national referendum that changed the maps of the confederation for the first time in 130 years and was sure to be watched in other countries where autonomist movements are active.

By a large majority, voters approved a constitutional amendment creating the "Republic of Jura" as the 23rd canton of Switzerland and the sixth where French is the official language. It is hoped that the new canton will solve the multilingual country's most delicate minor-

ity problem that dates to Napoleonic times.

The vote was 1,309,722 to 281,917, or 82.3 percent for and 17.7 percent against the creation of the new state. The turnout was 41.5 percent, slightly above average.

The vote brings self-rule to three mainly Catholic districts in the Jura region bordering France. They had been part of the mainly German-speaking and Protestant canton of Bern, the federal capital.

The new state has a population of about 67,500 settled in a largely rural area in the northwest of the country. The state capital is Delémont.

Explosion of Joy

As results of the vote came in, there was an explosion of joy in the capital, decked with the red and white flags of the new canton. Foreign television crews on hand to cover the event included one from Quebec, the "Canadian Jura," as a Geneva newspaper called it.

The problem dates to the 1815 Congress of Vienna which reshaped Europe after Napoleon's defeat.

The Congress attached the Jura to Protestant Bern after almost 800 years of autonomy as a Vatican-type principality ruled by Roman Catholic bishops.

Friction has flared repeatedly since then, with the secessionists

(Continued on Page 4, Col. 5)

To Promote China Boom

Japan to Seek Eased Trade With Reds

By Henry Scott-Stokes

TOKYO, Sept. 24 (NYT) — In a carefully planned policy move intended to help Japan greatly increase exports to China, the Japanese government next month will propose a drastic liberalization of controls on exports of strategic items to the Communist world.

The proposal is to be made, according to sources at the Ministry of International Trade and Industry, in a meeting of the Coordinating Committee for Export to Communist Countries due to start in Paris on Oct. 2.

A spokesman for the ministry said Friday that Japan had notified fellow members of the coordinating committee the United States and other NATO countries that it will propose dropping 53 items from the list of items banned for export to the Communist world.

Officials said that Japan wants to lift controls on exports of comput-

ers, semiconductors and other computer-related items to boost plant and computer sales to China in the near future.

Major Role Wanted

Japan joined the trade committee as a full member in 1952, three years after its creation at the outset of the Cold War, and wants to play a major role in its decisions.

Following conclusion of a treaty of peace and friendship with China on Aug. 12, Japan looks forward to a major boost in trade with China under a long-term trade agreement worth more than \$20 billion over eight years.

After a recent visit to China, Toshiro Komoto, the international trade and industry minister, said that this total should be boosted to four or five times the original scale, or about \$80 billion to \$100 billion, creating a record surplus of \$6 billion, twice the level of a year ago.

On another front, so far this year Japan's exports to the United States are up 32.7 percent in the first seven months, to \$13.9 billion, against imports of only \$7.9 billion, or about \$80 billion to \$100 billion, creating a record surplus of \$6 billion, twice the level of a year ago.

But officials say the big surge is over. Indeed, exports to the United States started the year rising at rates of over 40 percent a month but dropped to only an 18 percent gain in July, and will be flat by next month — a drastic turnaround.

First Big Visit

The mission, lead by Gen. Chang Tsai-chien, a vice chief of the general staff, was the first big official group to visit Japan after signing of the new treaty.

(Continued on Page 2, Col. 6)

E. Germany Setting Love Traps in Bonn

By Harry Trimbom

BONN, Sept. 24 — It apparently was a chance meeting during the summer of 1973. Dagmar Kahlig-Schaeffer, then 29 and recently divorced, was vacationing at a Black Sea resort in Bulgaria when a man who introduced himself as Herbert Schroeter sought her acquaintance. Their marriage three years later lasted until Mr. Schroeter's disappearance last year.

Twelve years ago, Helga Berger, then 25, met a man called Peter Krause, who, Miss Berger said later, "became my great love." Their romance continued until 1975, when Mr. Krause disappeared.

Leading Japanese firms negotiating with China for orders that include computers are Hitachi, Toshiba and Nippon Steel. Hitachi plans to sell computers for geological prospecting and has already obtained U.S. consent to that deal, officials said.

In addition, Hitachi and Toshiba need approval to export know-how to go with a color TV plant, and Nippon Steel wants to supply computers to go with a large steel plant to be built near Shanghai. The cost

of the steel plant is about \$2 billion. The color TV plant, China's first, is \$162 million.

These orders, large as they are — the steel mill is the biggest single Japanese project on the mainland so far — may only be the tiny tip of an iceberg. The Chinese are extremely eager to have Japan's computer expertise, as a military mission that came to Japan early this month made clear.

Japan has to get a relaxation of the international committee's rules, which it believes will be supported by the United States, in order to permit sale of heavy plants equipped with modern computer controls. The United States, according to officials here, proposes that 51 items be taken off the committee's list, including some computer items, but that 16 new items be restricted.

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Blaming Havana, Moscow

Somoza Releases Letter From U.S. Congressmen

MANAGUA, Sept. 24 (AP) — Nicaraguan President Anastasio Somoza, banting an uprising by guerrilla-led rebels, released a letter yesterday that he said was signed by 78 U.S. congressmen and that claimed the strife was caused by revolutionaries trained in Havana and Moscow.

The National Guard, Gen. Somoza's 7,500-man army and police force, said Friday that it had ended rebel resistance in Esteli, 90 miles north of Managua. It was the last of four cities that guerrillas of the Sandinista National Liberation front and rebel followers had held since Sept. 9.

Red Cross officials have estimated that about 1,500 persons were killed in the battles for the cities of Masaya, Chinandega, Leon and Esteli. There were reports that many of the guerrillas fled into the countryside before the guardmen made their final assaults.

The letter that Gen. Somoza said was signed by the U.S. congressmen was addressed to President Carter Friday. Gen. Somoza's press secretary said:

The New Cuba

Copies of the letter given to reporters here said, in part, that irrefutable evidence amply documents that the campaign of violence, urban terrorism and near civil war in Nicaragua is being carried out by a revolutionary group whose leaders have been trained in Havanna and Moscow and whose goal is to make Nicaragua the new Cuba of the Western Hemisphere.

No details of the evidence were listed.

According to the copies, the con-

gressmen told Mr. Carter, "We urge you do to your utmost to demonstrate the support of the U.S. government for Nicaragua and President Anastasio Somoza, a long and consistent ally of the U.S."

They said that in the absence of such support, some sectors of Nicaraguan citizens have begun to collaborate with the Marxist revolutionaries.

Among the signatures on the copies were those of House Majority Leader James Wright, D-Tex.; Rep. Samuel Stratton, D-N.Y.; Rep. John Flynt, D-Ga.; Rep. John Murphy, D-N.Y.; Rep. John Ashbrook, R-Ohio, and Rep. Robert Sikes, D-Fla.

Somoza Agrees to Meet

Gen. Somoza agreed Friday to the request by two Roman Catholic bishops and the head of a businessmen's organization to meet with opposition leaders to try and end the strife, but no meetings have been set.

On the same day, the U.S. Senate voted to eliminate \$8 million in development aid to Nicaragua because of Gen. Somoza's authoritarian rule.

Nicaragua was to receive \$2.5 million in military aid to finance arms purchases in this fiscal year ending Oct. 1. The state department blocked those allocations earlier because of alleged human rights violations.

OAS Bars Involvement

WASHINGTON, Sept. 24 (AP) — The Organization of American States, heavily influenced by a potent block of military regimes, adopted a resolution last night that rules out any OAS involvement in settling Nicaragua's political crisis.

A blandly worded resolution approved by consensus on the third day of a special OAS foreign ministers meeting was a victory for Gen. Somoza and for the forces advocating strict adherence to the organization's non-interventionist principles.

A Mexican proposal to deplore and censure the excesses committed in recent armed clashes in Nicaragua fell one vote short of a necessary two-thirds majority.

The key paragraph in the final resolution took note of Nicaragua's willingness to accept "the friendly cooperation and/or conciliatory efforts that several members states of the organization may offer toward establishing the conditions necessary for a peaceful settlement without delay."

The United States and Venezuela had led the fight for an activist OAS role.



RHODESIAN RAID — Bodies of Mozambique Frelimo troops, killed during strikes by Rhodesian forces on guerrilla bases, lie beside wrecked Soviet armored personnel carriers.

Senators' Invitation Poses Dilemma for Carter

U.S. 'Reviews' Visa Bid by Ian Smith

By Robert G. Kaiser

WASHINGTON, Sept. 24 (WP)

The Carter administration is "reviewing" a request from Rhodesian Prime Minister Ian Smith and a delegation of officials from his multiracial regime for visas to the United States next month.

Twenty-seven senators led by S.I. Hayakawa, R-Calif., invited Mr. Smith, the Rev. Ndabani Sibole, one of the two senior blacks in his regime, and others to come to the United States to present their case for U.S. support.

The invitation is potentially embarrassing for the Carter administration, because a visit here by Mr. Smith would probably turn into a public relations event on behalf of his plan for the transfer of power to blacks in Rhodesia, a plan that the administration has thus far adamantly opposed.

Mr. Smith reportedly travels on a Rhodesian passport. Because his regime is technically illegal under international law, the United States does not normally recognize such a passport. Granting a visa would violate United Nations sanctions against Rhodesia, according to opponents of the idea.

But the administration's "human rights" campaign has included calls

for removing restrictions on the rights of persons to travel freely, as some of the senators who joined in the invitation to Mr. Smith have noted.

The administration is reliably said to think that because of the uncertain situation in southern Africa, it would be well advised to wait for a while before deciding whether to grant visas to the Rhodesian delegation. Mr. Smith and the others made formal requests for visas through the U.S. Consulate in Johannesburg on Thursday.

One informed source said a final decision would probably be made by President Carter personally.

The United States did grant a visa earlier in the summer to Bishop Abel Muzorewa, who with Mr. Sibole is a key black member of the multiracial administration Mr. Smith established as a prelude to black majority rule in Rhodesia next year. Bishop Muzorewa apparently traveled on a British passport, which the United States recognizes. Rhodesia is regarded in international law as a British colony.

Given the precedent of the Muzorewa visit, an aide to Sen. Hayakawa said Friday that the administration's delay on this request did not make any sense.

Opponents of a Smith visit disagreed. For example, the board of directors and membership of TransAfrica, a black American lobbying group that seeks to influence U.S. policy toward Africa and the Caribbean, said in a letter to Mr. Carter that approval of the visas is prohibited by UN Security Council resolutions against Rhodesia.

The letter to Mr. Carter said: "By granting U.S. hospitality to the current Rhodesian leadership, the administration would devastate a fledgling constructive relationship between the United States and all of independent Africa by appearing to grant at the very least a tacit endorsement to Smith's own legitimacy as well as to his plans for an internal settlement."

A TransAfrica spokesman said Friday night that the group was considering seeking a court restraining order blocking the issuance of a visa to Mr. Smith on the ground that this would violate UN sanctions.

The senators' letter inviting Mr. Smith stated that U.S. television networks "are eager and ready" to broadcast interviews with Mr. Smith if he comes here.

The letter also noted that a move in the Senate to drop sanctions against Rhodesia — a gesture that would amount to U.S. recognition of Mr. Smith's multiracial regime — was defeated by only a dozen votes last summer.

Sit-ins at Swiss Embassies in Brussels and Paris and at the headquarters of the International Red Cross Committee at Lausanne before the 1976 Montreal games gave the issue international publicity.

Complex Sequence

Eventually, Bern agreed to a complex sequence of local plebiscites that determined the borders of the new canton.

All federal and cantonal governments, as well as all major parties had urged a huge vote of approval for the new state to demonstrate the strength of the Swiss federalist concept. Eighty percent of Swiss voters are German speakers.

The biggest majority for the new state was not registered in the other five French-speaking cantons but in the Italian-speaking Ticino, where 95.1 percent voted for the new state. The lowest favorable vote — 69.6 percent — was in the canton of Bern which lost about one sixth of its area as a result of the referendum.

With three southern Jura districts having voted in the earlier balloting to remain with Bern, there were seeds of new tension.

Autonomist leaders have vowed to seek eventual reunification of the entire region within the historic borders of the old principality.

Radical autonomists have announced that the new canton would be a combat state to push this goal, although they insist that this would be done through nonviolence.

Pro-Bernese radicals in the south have countered by saying that they consider this a declaration of war and warned that confrontation will escalate.

He made particular reference to conditions affecting the pricing of commodities that some countries consider excessively harsh, or even an interference with their national prerogatives.

On big jobs or small, a lot of people

are discovering that it pays to Think Twice.

And think Fiat-Allis.

WEATHER

ALBANY 27 81 fair

AMSTERDAM 17 43 overcast

ANKARA 18 44 fair

ATHENS 24 72 fair

BEIRUT 28 62 fair

BELGRADE 19 44 cloudy

BERLIN 16 61 mist

BIGELOWS 17 42 overcast

BUCHAREST 18 44 overcast

BUDAPEST 18 44 overcast

CASABLANCA 18 44 overcast

COPENHAGEN 21 65 fair

DAKAR 12 37 rain

DUBLIN 14 75 mist

EDINBURGH 19 44 rain

FLORENCE 15 39 overcast

FRANKFURT 22 72 cloudy

GABALA 5 24 cloudy

HELSINKI 28 82 fair

ISTANBUL 31 98 fair

LAS PALMAS 22 72 fair

LISBON 22 72 fair

LONDON 27 61 fair

LOS ANGELES 27 81 fair

MADRID 27 81 fair

MAMI 29 84 cloudy

MILAN 23 73 mist

MONTREAL 14 61 fair

MOSCOW 5 21 overcast

MUNICH 26 49 overcast

NEW YORK 26 66 fair

NYC 22 72 fair

OSLO 22 72 fair

PARIS 23 73 fair

PRAGUE 17 62 cloudy

ROME 24 75 mist

SOFIA 17 62 cloudy

STOCKHOLM 27 63 cloudy

TEHRAN 23 91 fair

TEL AVIV 27 81 fair

TOKYO 23 70 cloudy

TUNIS 26 71 cloudy

VIEENNA 17 62 cloudy

WARSAW 18 50 overcast

WASHINGTON 26 68 cloudy

ZURICH 21 70 cloudy

Yesterdays' readings U.S. and Canada of 1700

GMT: all others at 1200 GMT.

Only Contender

Moi to Succeed Kenyatta As President of Kenya

NAIROBI, Sept. 24 (UPI) — Daniel Arap Moi, a popular politician who served as Kenya's vice president for 12 years, yesterday became the successor to the late President Jomo Kenyatta without any dissent.

Although a number of formalities remained to complete his selection, the process became moot yesterday when Mr. Moi was the only candidate to submit his name for the presidency of the nation's only political party.

The executive committee of the party, the Kenya African National Union, will meet Oct. 6 to formally name Mr. Moi by acclamation as its presidential candidate.

No Plebiscite

As the only contender, Mr. Moi will be declared president Oct. 21 without having to submit to a national plebiscite.

Speaking to a crowd after the nomination process was closed, KANU acting Secretary-General Robert Matano said:

"I have no alternative than to accept [Mr. Moi] as the only candidate and I declare him as the sole candidate for the party, and therefore the nominee for the presidential elections of the party."

Mr. Moi told his well-wishers that it was the duty of "every Kenyan to promote and maintain peace" and said that all members of the country have a commitment to "förder unity and democracy."

Mr. Moi, a 54-year-old former teacher, has been serving as acting president of Kenya since the death Aug. 22 of President Kenyatta, who had led this east African nation since independence from Britain in 1963.

For all the speculation, primarily about the possibility of turmoil in Kenya following Kenyatta's

death, the political jockeying lasted only a few hours after the state funeral for Mr. Kenyatta. The next day, the entire Cabinet proclaimed their loyalty to Mr. Moi as leader of the nation.

Within days, virtually every politician with a significant following had joined Mr. Moi's supporters.

The country's relatively free press quickly bestowed the title of president upon Mr. Moi.

Meanwhile, quiet but determined maneuvering has been going on for the vice presidency, which was vacated by Mr. Moi.

The vice president is appointed by the president.

Part of Mr. Moi's appeal is that he is a member of the tiny Tugen tribe, has no power base of his own and can be cast as the peacemaker in this ethnically diverse nation.



Daniel Arap Moi

Bonn Warns Secretaries On E. German Love Trap

(Continued from Page 1)

Peter information because I did not want to let him.

She admitted that she received about \$17,000 in cash and about \$4,000 worth of gifts for her assistance to Mr. Krause over a 10-year period that ended when Mr. Krause fled as West German agents closed in on Miss Berger. But she insisted that the money and gifts were only incidental to her desire to maintain her affair.

The information came from her jobs with the Foreign Ministry in Bonn, the West German Trade Mission in Warsaw and the West German Embassy in Paris.

Far more important information allegedly was passed by Miss Kahig-Schaeffer, who was a secretary to a high-ranking official in the office of Chancellor Helmut Schmidt. Her case is considered one of the more important in a country that, because of its geography and recent history, is plagued with an estimated 10,000 spies.

Miss Kahig-Schaeffer's material reportedly consisted of German position papers on the Helsinki conference dealing with European security, Bonn's reaction to increasing Soviet influence in Africa, its economic strategy and East-West German relations and security matters.

The information, according to testimony at her trial, which is expected to last several weeks, greatly pleased East Germany. Miss Schroeter reportedly wrote her a note saying: "Your last information was first class, everyone here agrees."

© Los Angeles

Interview Following Vance Visit

Hussein Voices Summit Pact Objections

The following is an interview given by King Hussein of Jordan, the first he has given since the summit meeting at Camp David. It was conducted by Arnaud de Borchgrave, a senior editor at *Newsweek*.

Mr. Borchgrave — Did [U.S. Secretary of State] Cyrus Vance's explanations change your perceptions of the Camp David accords or did they confirm your own reservations?

King Hussein — They confirmed our reservations. But they also gave us an opportunity to ask some hard questions about meanings and interpretations. He responded to some of them but not all of them and we are now awaiting answers to our key questions.

Q. — Were you encouraged by any part of the framework for peace in the Mideast?

A. — As it now stands we were not encouraged. It deviated from [UN Resolution] 242, which had previously been the U.S. position. Much has to be revised before it will become acceptable to us and to our Arab partners. The self-determination provision for the Palestinians are still very vague. It must include total withdrawal and Arab sovereignty over Arab Jerusalem, otherwise there is nothing to negotiate about.

Q. — Why couldn't Palestinian Arabs take advantage of the Camp David rules, establish a local government with full autonomy and gradually enter into good relations with Egypt, Jordan, Saudi Arabia and so forth? That's how many states in the world achieved their independence.

A. — It's too early to say what our final position will be. We must, for example, know whether self-rule will include the people of Jerusalem. They make up one fifth of the West Bank population. There is also the Israeli settlements question.

Q. — What are Jordan's conditions for entering the negotiating process as it has been invited to do by the U.S.?

A. — We must know what lies at the end of the road, where we come out. There is a great imbalance between the two agreements. One on Sinai is very clear. The other is discouraging, to say the least.

Q. — If the Rabat decisions [at the Arab League summit conference of October, 1974, during which Jordan and other Arab states recognized the Palestine Liberation Organization of Yasser Arafat as the "sole legitimate representative of the Palestinian people"] were to be rescinded and your negotiating mandate restored by the nations principally concerned, would the Camp David framework be an acceptable procedure?

A. — I have serious doubts about that. Egypt would be out of the picture so to speak with its separate peace treaty. It would place tremendous limitations on us to expand and weaken our negotiating position. A lasting, overall solution is our only concern, not a piecemeal, step by step approach. We must have a clear track if we are to take position steps.

Q. — Did Arafat give you any indication that he would be willing to hand back the negotiating mandate and let you give it another try?

A. — Our meeting was rather a pleasant surprise and most gratifying. Both [Lybian leader Col. Moamer] Qadhafi and Arafat warmly endorsed our steady course, which has finally gained recognition among those who

misunderstood us in the past. They expressed friendship and approval of our policies. We agreed to maintain close contact in the future in order to avoid the mistakes of the past. It's too early to talk about a resumption of the negotiating mandate.

Q. — Why were Qadhafi and Arafat so anxious to see you Friday?

A. — Because the situation is critical in the entire area. It was very moving to see them change their attitude toward us.

Q. — Did they invite you to join their summit in Damascus?

A. — No. What happened was that Qadhafi called me after Vance left and said he wanted to see me. When I agreed, he suggested a meeting in Damascus but that was not convenient because of my Amman. He called back later and suggested a meeting on the border instead. We finally agreed on the Marakib Air Base. But I did not know Arafat was with him until they reached the border yesterday morning.

Q. — [Egyptian President Anwar] Sadat obviously does not feel that your hands are still tied by Rabat. Do you?

A. — Historically, Rabat was a very important development in the area. This does not mean that we are shirking or dodging our responsibilities. Quite the contrary. But we must know where we're headed first.

Q. — President Sadat says that if you feel you cannot get involved in the Camp David process, he will negotiate with Israel over the West Bank and Gaza and include some PLO members in his delegation. Any objections?

A. — Sadat is entitled to his own opinions. Until now he has succeeded in moving away from his commitments to his Arab partners. Q. — How?

A. — By abandoning his insistence for a new or a comprehensive overall settlement.

Q. — Do you now feel closer to Syria's position or to Egypt's?

A. — Closer to Jordan's. But the Syrian position is not all that different from Jordan's. We both agree on 242 and the return of all the occupied territories. Including Arab Jerusalem, and self-determination for the Palestinians, in return for final peace in the area.

Q. — What did Vance have to say about the future of Israeli settlements on the West Bank?

A. — He didn't have any clear answers. We've heard so many conflicting versions that it is hard to escape the conclusion that Israel has not yet given up its expansionist designs in the remaining occupied territories.

Q. — And East Jerusalem?

A. — The U.S. position is clear but it needs further clarification insofar as the Arab population of the city is concerned and whether or not they are included in the self-determination proposal.

Q. — The U.S. listed quite a few advantages for the Arab side, including the return of all of Sinai. The end of Israel's military occupation of the West Bank and Gaza. The recognition of full autonomy for the Palestinians living there, the reduction of Israel's military garrison from 11,000 to 6,000 with the remaining troops to be withdrawn to specially designated areas, etc. Doesn't all this add up to a step forward, rather than the unmitigated catastrophe described by Syria?

A. — It's not really a step forward as the U.S. has taken a step back from 242.

Q. — The U.S. stands accused of splitting the Arab world by taking Egypt out of the military equation and thus insuring against a fifth Arab-Israeli war. The Arab world couldn't have been more split than it already was and why should the U.S. be blamed for trying to head off another war in the area?

A. — The Arabs themselves are certainly more responsible for this state of affairs than the United States. Egypt has caused the split.

Q. — The U.S. is saying to Jordan, in effect, please get aboard the peace train or you'll be left behind and become irrelevant. What's your answer?

A. — We have acted and will continue to act in what we believe to be the best interests of the Palestinian people, regardless of how we're viewed in Washington or anywhere else.

Q. — Is it your understanding that the framework agreements for peace in the area and for peace between Egypt and Israel are linked or separate?

A. — We've heard so many different versions that we're beginning to wonder about the whole exercise. But at this stage we have been told they are separate and not linked.

Q. — Where are the diplomatic boobytraps in the Camp David accords as you see them?

A. — What has come out of the general framework is a figleaf for the Begin plan. Pure sugar coating. Look at all of [Israeli Prime Minister Menachem] Begin's statements.

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Q. — If you were a West Banker, wouldn't you be tempted to give the self-governing plan a try and hope that you can then expand it at the end of the five year period. After all, the accords say that no later than the third year, negotiations will begin to determine the final status for the West Bank and Gaza.

A. — I'm not a West Banker and I cannot speak for them. But my own family has been linked to Palestinian rights since the beginning of this century. Looking back at the long, dismal record of Zionist expansion in the area, plus recent statements, there is no room for optimism.

Q. — If you don't get involved, isn't there a danger of Israel creating a sort of Arab Bantustan [a black enclave of South Africa with limited self government] in the West Bank?

A. — We definitely will be involved if we know that the end result will be satisfactory. Short of that, we cannot move, and no amount of pressure, regardless of where it comes from, will change our mind.

Q. — Egypt and Israel other interested parties according to the agreements, will work to establish agreed procedures for a prompt, just and permanent solution of the refugee problem. What is a practical solution in your judgment?

A. — Return of the refugees or compensation, as provided by countless U.S. resolutions and as stated by President Carter himself.

Q. — Are you planning to go to the U.S. in October as requested by President Carter?

A. — No. I don't think it would be proper to go in the middle of the [U.S.] election campaign. I will probably go early in the new year unless new developments warrant an earlier trip.



Orthodox Jewish members of the ultra-Orthodox Gush Emunim sect scale barbed wire before dawn Sunday to reach a hill on the Israeli-occupied West Bank of the Jordan, where they have been attempting to set up illegal settlements in protest to the Camp David peace agreements.

On Return From Summit Mission

Egyptians Give Sadat Rousing Welcome

By Christopher S. Wren

CAIRO, Sept. 24 (NYT) — President Anwar Sadat returned home yesterday from his summit meeting at Camp David and was accorded a lively welcome by cheering Egyptians who lined the streets from the airport to his residence on the Nile.

Hundreds of thousands of well-wishers, some clad in the traditional turban and flowing *galabeya* of the Egyptian peasant, clapped, whistled and chanted slogans of support as Mr. Sadat's open black limousine moved past behind a phalanx of motorcycles and security cars. Mr. Sadat stood and stretched his arms out in response.

Red, white and black Egyptian flags fluttered from the lampposts. Triumphal arches fashioned of vividly patterned tenting material stretched overhead. Hand-painted Arabic banners hailed Mr. Sadat as "Hero" and "Champion of Peace."

Near Mr. Sadat's residence, the crowds were augmented by a dozen insouciant camels in trappings usually reserved for tourists and a pair of horse-drawn carriages festooned with Sadat banners. Dozens of young men clambered atop buses halted at intersections and balanced precariously on street signs for a better view.

Imported Crowd

The government's hand was apparent in the preparations. Thousands of farmers and workers had been imported from outlying provinces to swell the local crowds. Earlier, city crews strung colored lights and hung olive branches along the streets leading to Mr. Sadat's home in Giza. Newspapers called for a "rousing and colorful welcome."

The intent was to recapture the enthusiasm that Mr. Sadat sparked here when he returned from his epic trip to Israel 10 months ago. This time, the crowd appeared less spontaneous and somewhat smaller than the million Egyptians who turned out last November along the 15-mile route. This was partly because five days had lapsed since the windup of the Camp David summit, which itself was less flamboyant than the initial meeting in Jerusalem between Mr. Sadat and Israeli Prime Minister Menachem Begin.

But Cairenes seemed genuinely pleased about the prospects of peace with Israel at last and they gave the credit to Mr. Sadat. "It's very good for our future," said Magdi Abdullah, who was tending a popcorn machine near the motorcade route.

Some shopkeepers hung out banners identifying their firms with Mr. Sadat's peacemaker image.

"We bless your trip for peace," said a boutique in central Cairo.

"We hope that all our questions to the U.S. will be answered shortly, clearly and concisely. Then we will decide where we go from here. If the U.S. agrees to be a full partner and if the Camp David framework is revised satisfactorily, then we may have the basis for a rousing and colorful welcome."

Q. — If you were a West Banker, wouldn't you be tempted to give the self-governing plan a try and hope that you can then expand it at the end of the five year period. After all, the accords say that no later than the third year, negotiations will begin to determine the final status for the West Bank and Gaza.

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Arabs Reportedly Agree

To Form Anti-Sadat Fund

(Continued from Page 1)

front members into an anti-Sadat group.

The end of the summit is expected to usher in an intensive effort by Mr. Sadat and his opponents to win moderate Arab nations, especially Saudi Arabia and Jordan.

The Camp David agreements assign an important role to Jordan in the future administration of the West Bank, and the winning of King Hussein would be a major achievement by the hard-line Arabs.

The more militant Palestinian guerrilla leaders, attending the summit as members of the PLO delegation, have gone much further than the summit's final document in the last few days.

Marxist guerrillas like George Habash, of the Popular Front for the Liberation of Palestine, and Naseer Hawatmeh, of the Democratic Front, threatened to launch operations against U.S. interests everywhere, including oil installations in the Arab Middle East.

Mr. Mohsen described the final document as definitely better than those following the two previous summits of the front.

DAs End Soviet Tour

MOSCOW, Sept. 24 (UPI) — A delegation of 12 U.S. district attorneys today ended a 13-day official visit to the Soviet Union. The group met with Soviet prosecutors and justice officials in Moscow, Leningrad, Tashkent, Samarkand and Odessa in the course of their tour.

U.S. officials, speaking privately,

said that they hoped only to persuade Mr. Assad to temper his opposition enough so that other Arab governments, such as Jordan, might find it easier to accept the accords.

Neither Jordan nor Saudi Arabia, the other countries visited by Mr. Vance, has moved closer to accepting the accords.

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Summit of Surrender

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These threats, some observers feel, could scare off the moderates.

Despite their more militant stance, these guerrilla leaders nevertheless expressed satisfaction with the results of the summit.

Observers here believed that Mr. Vance's mission would not be made easier by President Carter's remarks yesterday comparing the PLO to the Nazis and the Ku Klux Klan.

The Palestinians here and the Syrian government were openly annoyed by the comment.

Mr. Mohsen described the final document as definitely better than those following the two previous summits of the front.

Old ways of fighting die hard in the military, so there will be rear-guard actions to save the superweapons. But the trend is clear.

Likely Successor to Husband

Mrs. Marcos's Influence Growing in Philippines

By Jay Mathews

MANILA, Sept. 24 (WP) — When Imelda Romualdez married Congressman Ferdinand Marcos just 11 days after she met him in 1954, this impulsive young woman seemed destined to be little more than an unusually decorative political wife.

Now, as her husband begins his seventh year of one-man martial law rule over the 44 million persons of this former U.S. colony, there are growing signs that she will be named his successor. It is a prospect that angers Mr. Marcos's opponents and worries diplomats. But it does not surprise anyone who has watched Imelda Marcos's political performance during the last few years.

Mrs. Marcos, now a Cabinet minister and governor of greater Manila, has denied for weeks that she will be appointed to the new post of deputy premier, second to Mr. Marcos, who serves as premier and president. But last week she called in a Filipino reporter working for a foreign news agency to say that she might have to accept the appointment and someday succeed her husband to save his political legacy.

Although Imelda Marcos appears to be an energetic administrator, she is not as careful a politician as her husband and has generated some resentment. She likes fine jewelry, all-night parties and shopping trips to New York. Mr. Marcos himself stops just short of being an ascetic. In approaching people he says, "The president thinks his way in; I feel my way in."

Seen as Erratic

The thought of her heading the government bothers some U.S. diplomats. They see her as an erratic person who may not share her husband's personal commitment to the United States, forged when he fought alongside the Americans in World War II. Washington still is this country's principal ally despite Manila's increasingly nationalistic foreign policy. For instance, Mrs. Marcos recently suffered a minor disaster when, ill-prepared, she met U.S. congressmen in Washington and tried to finesse their complaints about the Marcos administration with pure charm.

Her effort to project the image of a private person reluctant to assume the reins of power also has begun to wear a bit thin here. Both she and Mr. Marcos have denied vigorously that she would be appointed deputy premier, but long-time observers noted that the couple had issued the same denials before she was selected as Manila governor and as leader of the pro-Marcos Manila slate in the April election for an interim National Assembly.

In a recent interview with Agence France-Presse, she acknowledged that she had begun to change her mind. In the event of a difficult transition following Mr. Marcos's death or incapacity, "who

Report Emphasizes Need For Recycling Incentives

By Deborah Ward

WASHINGTON, Sept. 24 (IHT) — Recycling should become a central organizing principle of our economy if the world is to learn to live with restricted and dwindling supplies of minerals, energy and other resources, asserts Denis Hayes in a new Worldwatch Institute report.

At least two-thirds of the material resources that are used could be recycled without substantial changes in lifestyles, Mr. Hayes said. The technology exists to accomplish this level of recycling, but the social commitment is lacking.

The Worldwatch Institute, funded in part by the United Nations, is a research organization that aims to study environmental problems in the world.

The report said that the absence of a recycling commitment is not only hurting U.S. resources, it is also very costly. "More than one-tenth of the total U.S. energy budget is spent on materials production," Mr. Hayes said, "and that fraction is rising as increasing amounts of more expensive energy are used to mine and process poorer and poorer grade ores."

For example, the report says that only 4 percent as much energy is required to recycle aluminum as to mine bauxite ore. The energy needed to process copper and plastics is also reduced by about 95 percent when recycled copper and plastics are processed.

"Disposable plastic containers that are discarded without thought by the Japanese would be carefully used and reused by Tanzanian villagers," Mr. Hayes said. "The Japanese, in turn, are aggressive purchasers of scrapped U.S. automobiles, leading to the quip that this year's Buick is next year's Datsun."

Way to Cut Waste

In addition to conserving energy and resources, recycling also cuts waste, Mr. Hayes said. In the United States, almost one ton of solid waste per person is collected annually from residential and commercial sources. Most of this waste is deposited in open dumps, which now must be created at the rate of 500 a year.

According to Mr. Hayes, this problem can be alleviated by implementing three complimentary recycling strategies: waste separation, waste recovery and waste reduction. Waste separation, in partic-



After Long History of Denials

China Concedes Inflation Is a Problem

By Fox Butterfield

HONG KONG (NYT) — China for the first time has acknowledged that inflation has become a problem for some of its people.

The admission came in the form of a letter to the editor of the official party paper, *Jingmin Jih Pao*, by two persons who were said to be Peking residents. The writers complained that the prices of fruit and vegetables in the Chinese capital had increased considerably this year, with the cost of grapes doubling to about 21 cents a pound.

"Most residents of Peking are families of four and five," the writers said. "Most do not have high incomes. What shall we do if this situation continues?"

Matter of Faith

Foreign analysts here were intrigued by the letter, because the Chinese Communists have long insisted, virtually as a matter of faith, that there is no inflation in China. The Communists have been particularly sensitive about inflation because their victory over the Chinese Nationalists in 1949 was, in part, to years of runaway prices under the old regime.

The analysts caution that the letter's description of increased prices for beans, tomatoes, persimmons, melons and other foods does not mean the return of wholesale inflation in China, because a large proportion of fruit and vegetables is sold in private or free markets, rather than in government stores.

And the authorities have never been able to regulate prices in the free markets as fully as they do with staples like rice, cloth and cooking oil, which are rationed and sold in state shops.

But the admission of increased prices for some goods suggests that the wage increase given to about 60 percent of China's urban work force earlier this year may have had an effect on prices.

Before the wage increase was decreed, as part of Peking's pragmatic push for economic development, most workers had not had a pay raise for two decades.

Some economists had forecast that the wage increase could lead to inflation unless Peking made simultaneous moves to expand the supply of consumer goods to soak up the new funds.

More Realistic View

The appearance of the letter also seems to reflect a new, more realistic willingness on the part of the Communist leadership to acknowledge problems like inflation, shortages and difficulties in motivating workers. In the past, the Communists have simply denied that there was any inflation and claimed that they had overcome it through austere budgeting practices, tight control of wages and isolation of the country from international price fluctuations.

Western economists generally agree that the Communists have had an impressive record in controlling inflation, but they believe there have been some hidden price rises.

Another indication of the Communists' new candor is that a book long on sale in Peking's bookstores, "Why China Has No Inflation," has disappeared in the last few weeks.

Moreover, a Japanese politician

lar, is an effective way to recover materials such as glass, aluminum, ferrous metals, plastics and papers for recycling. About 500 source separation programs are already under way in the United States and more comprehensive programs are under way in other countries.

Sweden, for example, will require the separation of wastepaper from all other garbage in homes, shops and offices by 1980.

In Switzerland and West Germany, large glass recycling operations have been consuming increasing amounts of recycled glass for a number of years now.

Mr. Hayes cited Leningrad as a good example of a city that is doing something about waste. By 1985, the city of 4.5 million expects to process all of its municipal solid wastes through huge resource recovery plant.

Although several small steps are being taken to encourage recycling, Mr. Hayes emphasized that more economic and social incentives are needed to develop a material-conserving ethic. Cooperation in recycling efforts can not only be legislated; broad public support is necessary if we are to make the most of what we already have."

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Can Control Boll Weevils, Worms

Scientist Says Fire Ants May Not Be All That Bad

By Bayard Webster

NEW YORK, Sept. 24 (NYT) — The fire ant, which has a reputation for ferocity and pain infliction between that of the yellow jacket and the man-eating shark, may not be all bad, a Texas A & M entomologist has discovered. In fact, it may sometimes be beneficial.

The finding was made by Dr. Winfield Sterling, an entomology professor at the Texas A & M University in College Station, Texas. Prof. Sterling has worked in cotton fields for the last seven years in an attempt to find better ways of controlling boll weevils and bollworms, which have become resistant to most pesticides. He found that the red fire ant was a voracious predator of the cotton worms and weevils.

In controlled tests on cotton farms near Huntsville, just north of Houston, Prof. Sterling and a team of graduate students and technicians found that as many as 85 percent of young boll weevils and 93 percent of bollworm eggs were eaten by fire ants without damage to cotton crops.

He said that, as he and his researchers began testing cotton plots by using nontraditional pesticides, they noticed that in the plots with the least pesticide use there were fewer bollworms and weevils.

Weevils Decreased

"We also noticed that there were lots of ants around," he said. "And after a couple of years of no pesticide use we noticed that the ants increased and the weevils decreased," he added. "And last year on one field where we used no pesticides at all, we found many ants and there was no economically significant damage from weevils or bollworms."

The fire ant is found in almost all southern states. Its venomous sting is usually painful and can occasionally cause serious reactions. Mirex, the favored chemical for fire ant control, was banned in June because it breaks down into kepone, a long-lasting carcinogen.

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Opposition Expected

Although he is aware that there will be considerable opposition to any proposals for using the beneficial attributes of fire ants, Prof. Sterling noted that his field tests showed that cotton can be grown with little or no chemical treatment, an almost unheard-of occurrence in the boll weevil and bollworm infested areas of eastern Texas.

It gives us great hope that the cotton insect pest management program can be developed without the wide-spectrum insecticides that are now in use," he said.

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The Fight to Defend Peace

The dumbest question about the Camp David accords comes from those who insist on knowing, "Who won?" The most dangerous response has come from a few U.S. and Israeli officials who think one side actually did win more than the other. It is grotesque to believe that either Prime Minister Begin or President Sadat would sign agreements that they judge to be gravely damaging to their national interests or to the chances of promoting the peace they pursue. To score their concessions against objectives proclaimed during a year of negotiation may be useful in appraising their rival bargaining techniques, but not the final accords.

The telling questions now are whether the deal can work, and who will help make it work, who will not, and why.

The enthusiasm in both Israel and Egypt is certainly justified. The treaty to end their 30-year war was virtually completed at Camp David. If the Knesset agrees to let Begin bargain away a few Sinai settlements, as it looks it will, the signing could occur on the anniversary of Sadat's journey to Jerusalem, in November. For both peoples, this peace can be only a blessing. They will be safer than they have been in a generation, and both will be able to divert significant resources to economic development. The peace terms ratify their stalemate in war and will thus be virtually self-enforcing. If they were alone in the Middle East, Israel and Egypt would be home free.

But they are not alone. Both depend on U.S. aid, and their peace will further enhance U.S. influence in the region. For the U.S. purpose, more than ever, is to protect Israel while also protecting the West's access to Middle East oil. The less conflict between Arab and Jew, the less tension in these U.S. objectives. The Soviet Union has proved more than once that it can erode U.S. influence by stimulating the Arab-Israeli conflict. The United States is demonstrating that it can protect and even promote Arab interests provided only that they do not threaten Israel's.

Sadat's far-sighted challenge to Saudi Arabia, Jordan, and even to Syria and the Palestinians, is the evidence that he has achieved more for Egypt and gained more from Israel by accepting Israel and aligning himself with the United States than any Arab will achieve through rejection of Israel and dependence on the Soviet Union.

Many Arabs berate him for not retrieving their lost lands, for not insisting on the immediate creation of a Palestinian state, for not chasing the Israelis out of Jerusalem. But it is absurd to denounce him for not achieving their objectives in a negotiation they scorned and for which they refused to grant him their proxies.

The Saudis may not like this split in Arab ranks, but they have no alternative to supporting Sadat, at least tacitly. His enemies in radical Arab nations are also their enemies. And the protection of Saudi wealth will increasingly require collaboration with the United States and a pro-Western Egypt and, one day perhaps, even Israel. Even a grudging Saudi acceptance of the Camp David deal will advance its central premise: negotiation with Israel yields more than war.

* * *

There can be no doubt that the Palestinians, Syrians and Jordanians will be weaker now in negotiation with Israel than before Egypt made its so-called "separate" peace. But only romantics pretend that they are stronger in diplomacy than they have proved to be in war. Without Egypt, there could have been no serious wars — or negotiations — with Israel. Sadat refused to cede a veto over peace terms to the most rabid irredentists brandishing only a hostile Soviet power. But he held the door open to all fellow Arabs with claims on Israel if they accepted its right to recognition and security.

And more than they have yet earned by their own exertions, he still offers them that path. A home for Palestinians willing to coexist with Israel can still grow and flourish in the West Bank and Gaza under the Camp David terms if the Palestinians will deal as shrewdly and constructively with reality as did the Zionists to whom they compare themselves. The state of Israel was not written into existence on a mountain top; it was built in a desert and defended in blood against incredible odds — odds far greater than those still held out to Palestinians by Egypt, the United States and, no matter how reluctantly, Israel.

* * *

Those who denounce Camp David as a betrayal of some Arab interests will surely make it so by their rejections. Those who truly accept Israel and follow Sadat's lead could still be richly rewarded.

THE NEW YORK TIMES.

The Congressional Budget

Congress is now completing its revision of the budget that President Carter presented last January, and the differences are interesting. The country's rising anxiety over inflation can be accurately read in the successive figures for the deficit. In Mr. Carter's original budget, the deficit for fiscal 1979 was to be \$60.6 billion. That was a little higher than in the current year, a circumstance defended as unfortunately necessary to keep the economy expanding. Congress apprehensively shaved it down in the first budget resolution last May. Then came the California tax referendum, followed by the statistics showing that in late spring the inflation rate was back up over 10 percent a year. Now Congress has firmly set a ceiling of \$38.8 billion on the deficit for the year that begins Oct. 1. That's some \$11 billion lower than the deficit for the year now ending, and the lowest since 1974.

* * *

The congressional budget expands a couple of programs significantly. The money for farm subsidies is up by \$2 billion from the president's original request, for reasons not unrelated to the farmer's protests here last winter. The education budget provides for the expanded aid to college students with which the administration is trying to fend off tuition tax credits.

But the president's national urban policy, brought out with great ceremony last March, has been reduced to a mere shadow. We have noted before that the final congressional agreement on the budget was being delayed by an impasse over the public-works funds for this urban policy. That dispute has now been resolved by a neat verbal formula that does not, to be candid, foreshadow any great outpouring of federal construction money for the cities.

* * *

Back to the deficit: Modern policy uses the federal budget as a great balance wheel, to maintain the stability of the U.S. economy. The deficit that Mr. Carter proposed last winter was calculated to offset several dangerous drags on business and employment. One of those drags is lagging rate of U.S. exports that falls far short of paying for the country's imports. By committing the government to this lower limit on the budget deficit, Congress makes it more urgent that ever for the country to balance its foreign-trade accounts.

THE WASHINGTON POST.

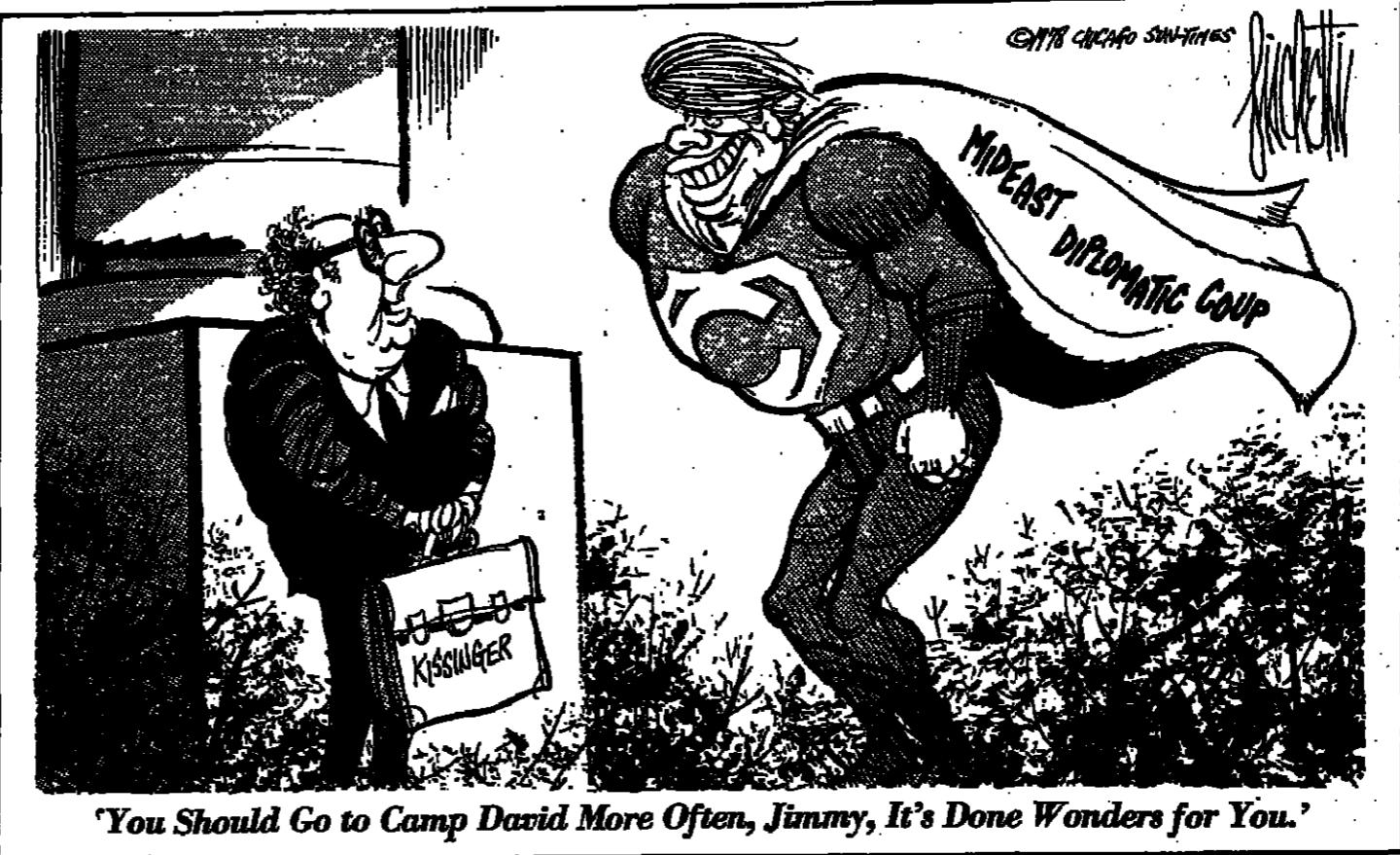
In the International Edition

Seventy-Five Years Ago
September 25, 1903

PARIS — Comments Charles Glidden, upon being the first to carry the U.S. flag across the Arctic Circle in an automobile: "Ours was the first automobile to venture into the north of Sweden. There being, in fact, just five automobiles in the whole land. This helps, perhaps, to explain why horses, peasants and even youths of 20 so often took to their heels and hid themselves in the woods as we passed. Another curio was the smorgasbord we found in hotel dining halls from which it was the practice to eat only while standing up."

Fifty Years Ago
September 25, 1928

PARIS — The recent offer of the Soviet government to exempt foreign capital invested in Soviet industries from many taxes and restrictions is apparently going unheeded by U.S. financiers. The difficulties the Harriman group faced in getting properly reimbursed for their losses upon investing in the Soviet manganese industry have dissuaded many customers. It is also understood that Henry Ford has recently rejected a proposition to develop the Soviet automotive industry.



'You Should Go to Camp David More Often, Jimmy, It's Done Wonders for You.'

Kissinger on Camp David Talks

By James Reston

WASHINGTON — Former Secretary of State Henry Kissinger, speaking as an historian, has said some arresting things about the Camp David Middle East compromises that are worth some quiet reflection.

He does not regard this conference as a model for future diplomacy, but nevertheless describes the results as "a tremendous achievement" and a tribute to Carter, Begin and Sadat.

The ratification of this "framework for peace" he thinks, will be "painful and anguishing," and in the coming weeks many provocative trivialities and exaggerations will be expressed. But a profound historical process has started, he believes, and if it is given a chance to work, both sides, he insists, will be "living in a different world" within six months.

In Jest

"I'd rather prove my profundity," he remarks in jest, "by telling you that there are six things wrong with these agreements that nobody else has seen, and that I could have done better, but I regret to tell you I can't."

His main point, as I understand it, is that the areas of agreement reached at Camp David are infinitely more important than the areas of disagreement. For example, if the main elements of Israel's military government are withdrawn in Judea, Samaria and the Gaza Strip for five years and replaced by the establishment of autonomy and self-administration for the Palestinian Arabs — even with Israeli security forces in pockets of these areas — then Kissinger believes, a wholly new political and psychological situation will begin to develop.

"Don't forget," he says, "the Israelis have never known peace and an Israel at peace with its most powerful neighbor [Egypt] will probably negotiate in a different way from an Israel that has never known how to live in peace."

This was a point President Carter emphasized time and again to President Sadat and Prime Minister Begin when both Egypt and Israel were trying to get everything they wanted reduced to precise terms in the first days at Camp David. If they tried to get everything they wanted in clear and unambiguous words, President Carter insisted, nobody would get anything. Better to be vague than sorry; to keep the peace process going, and leave the hard disagreements for future negotiation.

Road to Peace

Despite this agreement to avoid the stoniest barriers on the road to peace, both sides now have some practical decisions to take in order to implement their compromises. In a remarkable press conference at the Ben Gurion Airport in Tel Aviv — probably the best press conference given by any of the negotiators after Camp David — the Israeli foreign and defense ministers — Dayan and Weizmann, emphasize

tors now cannot remember who said what to whom and when — in the exhausting private and public press and television interviews on the event.

Left to the press and the television and the reaction of politicians in Washington, Tel Aviv and Cairo, the Camp David conference is in danger of becoming a question of who won and who lost; and where they all differ. But when historians look back on Camp David, they are likely to agree that the agreements were more important than the disagreements, and that Carter, Begin and Sadat started something here that will influence the history of the Middle East long after all three of them are gone from public life.

Sadat is in trouble now with the

other Arab leaders because they think he has been unfaithful to the Arab cause. Begin has had a triumphant reception in Israel, maybe because, in the short run, he seems to have won too much.

Go It Alone?

But both, for different reasons, have at least held things together. Sadat may think he can go it alone, even if King Hussein of Jordan refuses to cooperate. Begin may think he is on the verge of a separate peace with Sadat and that he can keep de facto control of the West Bank while giving up military control and allowing autonomy and self-administration for the Palestinian Arabs, but this probably underestimates what happened at Camp David.

For a while now, Kissinger says, everybody will be nit-picking the Camp David agreements, but they will be insist on nit-picking them in a different world. Maybe for once he suggests everybody ought to shut up and take pride in what has happened in the last few weeks."

U.S. Liberals' Very Own Bias

By George F. Will

WASHINGTON — Sen. Daniel Moynihan's combative ness may be as much characteristic as systematic. He was, after all, Irish before he acquired the convictions on behalf of which he employs his gift for disputation. In any case, his combative ness is displayed in a letter he circulated among the U.S. Catholic hierarchy after the Senate voted against tuition tax-credits for parents with children in nonpublic schools.

"The institutions associated with social progress in American culture at this time," wrote Moynihan, "are overwhelmingly against us on this issue." In opposing aid for parochial schools, Moynihan said, they were "vindictive" and the Carter administration was almost "vicious."

"Our opposition," he was led by Southern senators, "because the South became 'acculturated to Northern liberalism, anti-Catholicism was the one anathema trait . . . which they were permitted to retain." Why? Because "anti-Catholicism is one form of bigotry which liberalism curiously seems still to tolerate."

Teary Debate

My reading of the long, occasionally teary, often elegant debate in the Senate does not reveal bigotry on the part of Moynihan's

worthy adversary, Ernest Hollings, D.S.C., or other senators. And Moynihan knows that the public education lobby and its bureaucratic allies were moved primarily by aversion in their defense of the state's virtual monopoly on education.

But Moynihan, a Catholic gifted at looking with subtlety below the surface of things, expresses an anxiety shared by many Catholic laymen when he speaks of anti-Catholicism among what he is pleased to call "the institutions associated with social progress."

One of the affecting dramas of the day is Moynihan's struggle to think well of liberals. This is a duty for New York senators, but Moynihan would find it easier were it not the case that, as Peter Viereck says, anti-Catholicism is "the anti-Semitism of the intellectuals."

In an opinion against aid to parochial schools, Justice William Douglas cited, as a source of reliable evidence about Catholic attitudes, a vituperative anti-Catholic book comparable in spirit to the Protocols of the Elders of Zion. Planned Parenthood, a pro-abortion lobby, recently distributed to some college newspapers anti-Catholic cartoons that belong to the Julius Streicher school of argument.

In the 19th century, anti-Catholic

cism became a U.S. political movement, and the spirit of the Know-Nothing party was alive in a recent letter sponsored by various "Civil rights" education, and other "public interest" lobbies. The letter warned that aid to nonpublic schools might foster "viewpoints" contrary to "American principles."

Wispy

There, in that wispy accusation of "un-Americanism" is the old theme. Nineteenth century nativism expressed itself in the fear that unwashed immigrants, infected with Old World clericalism, could never become "real" or "integral" Americans and eventually would produce a demographic revolution, swamping "American principles."

Today anti-Catholicism involves less jingo, even less conscious, assumptions, and rather obvious political motives. It is in part a secularism in part a vague contempt for old things; in part an expression of a timeless dilemma.

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WILLIAM W.

Euromarkets

Prices in Dollar Sector Slide As Short-Term Rates Go Higher

By Carl Gwertz

PARIS, Sept. 24 (IHT) — The apparently bottomless slide on the foreign exchange market and the relentless rise in short-term interest rates finally caught up with the dollar sector of the Eurobond market last week.

Prices were off as much as \$10 for each \$1,000 nominal amount. A good part of the decline was due to market makers' cutting prices, but dealers reported seeing heavier retail selling than in the recent past.

Until now, each time dealers progressively marked down prices investors would appear to snap up the paper on offer.

These buyers have now either turned to dealers or have retreated to the sidelines to sit out the present uncertainty, eliminating any resistance to dealer markdowns.

At this point, the biggest threat to the market is the continued rise in short-term interest rates which is lifting the cost dealers pay to finance their investments beyond what they earn from holding the securities. The danger now is that dealers may be forced to dump their holdings rather than simply drop their quotes.

"In the past, dealers could afford not to react because short-term rates were lower," one analyst said.

The major question hanging over the market is where the present rise in short-term rates will end. There is little consensus among professionals — for every expert predicting double-digit rates there is another expert insisting that a credit-crunch of that magnitude is not imminent. But the Federal Reserve Board's admission that domestic money-supply growth is far outstripping what was targeted appears to give weight to the pessimist's view.

The Fed's decision Friday to

raise the discount rate a quarter point to 8 percent in the middle of the business day rather than at the close — the more usual time to announce such an important move — also suggests that the Fed is signaling a tough new approach to domestic inflation.

The only positive element for the dollar sector of the Eurobond market is that the new-issue calendar is virtually bare. Only one new issue was announced, \$30 million, for the Bank of Tokyo. It is selling 15-year floating-rate notes, whose coupon will be set at a quarter point over the middle of the bid-offered six-month Eurodollar rate. The minimum coupon will be 5 1/2 percent.

Managers acknowledge the maturity is long and the terms tight but maintain that a relatively small amount for a prime borrower should prove to be no difficulty.

Only one other issue was still on offer — Novus Industri's \$20 million, 11-year bonds convertible into shares of the Danish pharmaceutical company. The coupon is 7 percent and the conversion premium is expected to be around 10 percent.

The dollar offering for intershop, convertible into Swiss-franc denominated shares, was a roaring success. The 20,000 bonds on offer were sold at par with a face value of \$1,200 each carrying a coupon of 5 1/4 percent, down from the 5 1/2 percent initially indicated in light of the overwhelming demand.

Managers forge a new European monetary system. The 100 million DM, \$40 million, but reframed from year "bullet" for Indonesia, indicating so because of the late week coupon of 9 percent. Managers have justified raising the amount to \$1,200 each carrying a coupon of 7 percent, up in the secondary market.

Demand in the Deutsche-mark sector of the market was buoyant, supported by new rumors of a currency realignment within the European joint float before France and possibly Italy and Britain join to

Syndicated Bank

PARIS, Sept. 24 (IHT) — Another round of rate cutting appears to be in the making in the syndicated loan market, despite ever louder protests from bankers that terms are already too low to be remunerative to lenders.

Electricité de France is currently negotiating a new loan with interest payments set to start at 1/4 percent over the London interbank offered rate (Libor) — the first penetration of the half-point spread since the early 1970s. If the French succeed, it is widely assumed that other prime borrowers will be quick to follow.

The utility is reportedly seeking \$500 million for 10 years with a grace period of eight years and a spread starting at 1/4 and rising to 1/2. For its part, EDF says nothing definite has been decided, that it is simply sounding out the market. But it says that reaction to starting with a spread of 1/4 percent is "encouraging."

Swedes, meanwhile, created a furor among banks by seeking to refinance \$1 billion at a lower cost for a longer period without paying any fees on the new operation. The attempt to eliminate the front-end fee, which normally would amount to between a quarter to 1/2 of a point, failed in the end and the banks closed out a quarter-point fee. The interest on the old loan started at 1/4 for four years and rose to 1/2 point over Libor for the remaining three. The spread on the new loan would be set at 1/4 for the entire 10-year maturity. Morgan Guaranty and Chemical Bank, participants of the original loan, decided to participate in the refinancing.

Denmark, by contrast, is attempting to refinance \$1.235 billion of loans raised between 1975 and last year at spreads ranging from 1/4 to 1/2 points over Libor at a margin of 1/4 over Libor for seven years. Fees on the new operation range up to 1/4 percent.

"Denmark is taking advantage of the decline in market conditions," says the lending officer of a major U.S. bank, "without rubbing bankers' noses. It's a good example of how a borrower can make significant savings and still maintain its banking relationships." For this banker, borrowers willing to put together a syndicate, paying all the costs involved in mounting a new operation, have a right to press for the best possible terms but borrowers seeking to use existing syndicates to refinance loans ought to be willing to set terms that are slightly less advantageous to reflect that it really is not a new deal.

The fact is that banks lost more interest income in refinancing the Danish loans — accepting 1/4 of a point over Libor instead of up to 1/2 points — than in the Swedish operation, where the decline in the interest is a quarter of a point. "But the Swedes created a lot of ill-will," says a

(Continued on Page 13, Col. 1)

coupon of 9 percent. Managers forge a new European monetary system. The 100 million DM, \$40 million, but reframed from year "bullet" for Indonesia, indicating so because of the late week coupon of 7 percent, up in the secondary market.

Demand in the Deutsche-mark sector of the market was buoyant, supported by new rumors of a currency realignment within the European joint float before France and possibly Italy and Britain join to

(Continued on Page 13, Col. 1)

CHICAGO, Sept. 24 (AP-DJ) — Gold futures prices set records last week in New York as events encouraged investors to turn to gold for protection against the dollar's long slide.

Futures prices on contracts coming due in October soared a week's gain of almost \$8 an ounce on New York's Comex to close at \$219.30 an ounce. Silver and platinum prices rose as well.

Brightening gold's appeal was a weeklong credit tightening that culminated in an increase Friday by the nation's central bank, the Federal Reserve, in the discount rate, the borrowing rate for banks.

The failure so far by the Carter administration to produce an anti-inflation program, plus pessimism about the outcome of the Arab-Israeli agreements, drove the dollar further downward against foreign currencies, and a new low was set against the Swiss franc.

"Inflation is still a major problem, and higher interest rates are inflationary," said Steve Chornowitz, an analyst of precious metals with Loebs Rhodes, Hornlower and Co. of New York.

Double Blow

Interest rate futures were dealt a double blow by the Fed's increase in the discount rate. The increase, although not as large as expected, combined with an unexpected Treasury Department announcement Tuesday that it will auction \$1.5 billion of 15-year bonds on Wednesday of this week.

Contracts for Treasury bonds,

Government National Mortgage Association certificates and Treasury bills all took net losses on the Chicago Board of Trade and the Chicago Mercantile Exchange.

On the Chicago Board of Trade, the weather and a midweek government report buffeted grain and soybean markets to push soybeans

about 5 cents lower for the November delivery. Corn prices gained slightly during the week and wheat prices rose by about 14 cents for the December delivery.

Soybean and corn prices rose Wednesday on forecasts of cold weather moving eastward from the Dakotas and Nebraska and rain for parts of the Midwest.

Traders, anticipating that the

weather could delay harvest and damage still-standing corn and soybean crops, bought those two commodities heavily, and wheat prices rose on increased export demand.

But a government report that supplies of soybeans on farms and in warehouses nationwide were at 159 million bushels, about one-sixth more than traders expected, sent soybeans, corn and soybean oil

and meal into a nosedive Thursday, with carryover selling on Friday.

Wheat prices held firmer throughout the week, wandering slightly lower in light trading Friday until a flurry of commission house buying pushed prices several cents upward past automatic buy-out points in a technical market reaction.

On the Chicago Mercantile Exchange, erratic price movements made last week's trading difficult to understand, analysis said.

A major factor was a government hog and pig crop report at midweek that estimated that there are fewer animals on farms in seven key states than there were last year.

Although some traders questioned the accuracy of the report, "they wanted to interpret it as constructive, and therefore it was," said an analyst.

The hog crop estimate was much smaller than expected, indicating tighter supplies in the future, and pork belly (bacon) futures shot upward by a week's total of more than 6 cents a pound for the February delivery, to 67.25 cents a pound.

Substantial declines also appeared in Caesars World, Del E. Webb and Bally Manufacturing on the New York Stock Exchange, along with severe price setbacks for hotel-motel issues that had shared in earlier gains with the gambling stocks.

The Dow Jones industrial average dropped 16.11 points during the week to close Friday at 862.44. Only two weeks earlier, this blue-chip index closed at a 13-month high of 907.74. The Dow Jones transportation index, which had moved in gear with the rising industrials during the summer, also lost considerable ground in the last two weeks.

Overall, the market atmosphere seemed to be a far cry from the ebullience of early September, when the Dow industrials hovered above the psychological barrier at 900 and when one Wall Street said, "The bears seem to be heading for the woods."

While many stocks came under pressure, bond prices in general slumped sharply. On Wednesday a signal that the Federal Reserve was allowing key rates in the money market to move higher set off declines in both stocks and fixed-income securities, or bonds. That same day the Treasury auctioned two-year notes at an average yield of 8.65 percent, or the lowest level since the "credit crunch" in mid-1974.

Meanwhile, in government securities trading, three-month Treasury bills moved to yields of slightly more than 8 percent on a discount basis.

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Commodities

Gold Futures Soar to Record Prices

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Traders, anticipating that the

New York Stock Market

NEW YORK, Sept. 24 (NYT) — The prevailing wisdom in Wall Street is that once the speculation in gambling stocks has been punctured, the general market can resume its climb. Perhaps such a scenario will prove true eventually. But leaders in the casino group underwent a sharp price correction last week, while the general market beat a modest retreat.

Activity in gambling issues has been likened by analysts to the "tulip mania" that afflicted the Netherlands many years ago. But some of the tulips bore a decidedly withered look in recent sessions. The largest losses appeared in Resorts International, the Atlantic City casino operator whose issues trade on the American Stock Exchange.

For the week, the Class A shares of Resorts plummeted 41 1/4 points to 1384. This stock had soared 56 1/2 points the previous week. Meanwhile, the Class B shares tumbled 40 points to 235 after booming an incredible 124 1/2 points the week earlier.

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Over-Counter Market

Sales in 100s		Net High		Sales in 100s		Net High		Sales in 100s		Net High		Sales in 100s		Net High	
AccelIn	53	218	1136	10	1854-114	21	147	133	141	147	14	475	212-142	11-16	278-178
AccelIn	216	316	296	16	185										

American Exchange Options

Option & price	Vol.	Vol.	Vol.	Vol.	Vol.	Close	Option & price	Vol.	Vol.	Vol.	Vol.	Vol.	Close			
— Oct —	— Jan —	— Apr —	— N.Y.				— Oct —	— Jan —	— Apr —	— N.Y.						
Option & price	Vol.	Vol.	Vol.	Vol.	Vol.	Close	Option & price	Vol.	Vol.	Vol.	Vol.	Vol.	Close			
Aetna	35	17	614	4	7	6	Aetna	40	20	416	2	416	b	b	35%	
Aetna p	35	a	a	1	5-16	3	11-16	40	45	216	2	712	a	a	45%	
Aetna	40	172	21-16	35	34	8	416	45	23	416	46	416	a	a	45%	
Aetna p	40	57	11-16	17	14	14	25-16	50	53	34	45	27-16	26	34	35%	
Aetna	45	441	34	225	115	27	216	55	56	56	56	56	a	a	35%	
Aetna p	45	13	4	11	414	6	416	56	103	117	111	111	1	19	6%	
Am Cya	30	56	9-16	63	11/2	10	13-16	59	29/2	23	23	216	b	b	24%	
Am Cya	35	a	a	1	5-16	10	7/8	59	29/2	31	12/6	3	13/8	a	a	24%
Am Exp	35	15	13-16	8	2/4	a	a	59	34/8	89	31/4	56	56	a	a	24%
Att Exp	40	543	b	18	13-16	12	11/2	59	34/8	3	11/4	56	56	a	a	24%
Att Hom	25	51	47/8	0	a	a	a	59	34/8	4	5	22	22	22	24%	
Att Hom	30	229	13-16	26	14/8	6	216	59	29/2	4	5	22	22	3	24%	
Am Hom	35	a	a	5	3/4	4	13-16	59	29/2	22	15-16	a	a	24%		
Asarco	15	56	1	71	21-16	10	216	61	216	44	1-16	35	11-16	52	11/2	24%
Asarco	20	54	1-16	38	5/8	b	b	61	11/2	17	81/2	a	a	87%		
Beat F	25	a	a	2	214	20	216	66	216	10	12-16	3	10	14	87%	
Beat F	30	5	1-16	a	a	1	11-16	66	216	5	216	30	11/8	5	4/4	22/4
Burrough	40	31	18/2	2	19	b	b	78/2	78/2	17	7	11/8	a	a	24%	
Burrough	70	163	9/8	22	11/2	22	12/4	78/2	78/2	2	32	38	29	32	24%	
Burrough	80	569	2/8	188	5/8	92	7/8	78/2	78/2	5	23	11/2	5	5/4	24%	
Chase	30	262	3/8	236	5/8	50	416	78/2	78/2	35	1-16	5	5/4	33/2		
Chase	35	116	5-16	110	15-16	89	11/2	78/2	78/2	35	216	12/2	12	12	24%	
C Tel	15	2	7/8	0	a	a	a	78/2	78/2	15	30	14	14	14	24%	
Deere	35	203	11-16	24	214	6	3/4	25/2	25/2	22	11/4	2	91/2	2	24%	
Dig Eq	40	148	10/8	5	12	19	12/4	25/2	25/2	36	85/2	4	4	25/2		
Dig Eq	45	187	5/8	38	7/8	31	8/8	25/2	25/2	22	23	23	23	23	24%	
Disney	30	267	4/8	174	4/8	95	6/8	26/2	26/2	355	4/8	150	6/8	72	23/2	
Disney	30	14	10/4	0	b	b	b	26/2	26/2	767	1-16	399	36/8	166	23/2	
Disney	35	46	6/8	32	7/8	c	c	26/2	26/2	35	b	372/115-16	122	3	23/2	
Disney	40	275	27-16	118	4/8	37	5/8	26/2	26/2	28	c	c	10	5/2	24/2	
El Pmt	45	579	9-16	261	21/2	110	3/8	26/2	26/2	119	5/8	113	14/8	55	2	
El Pmt	100	24	25	b	b	b	b	26/2	26/2	18	1-16	67	14	38/2	24/2	
El Pmt	110	196	15/4	4	161/4	0	a	25/2	25/2	21	5	10	5/4	39/2		
El Pmt	120	707	6/8	38	9	19	11	25/2	25/2	274	15-16	6/8	72	34/2		
El Pmt	130	268	17/8	161	41/2	23	3/8	25/2	25/2	107	1-16	17/8	13-16	41	19-16	
El Pmt	15	48	3/8	0	a	a	a	25/2	25/2	39	17/8	52	24/2	71	24/2	
Fst Ch	20	7	5-16	29	1	32	11-16	17/8	17/8	116	3-16	15	14/8	43	14/8	
Fst Ch	30	35	9-16	a	a	15	19-16	30	30	35	1-16	b	b	35	24/2	
Fst Ch	35	2	1-16	38	16	b	b	30	30	21	5	10	5/4	39/2		
Gillett	25	2	61/2	10	61/2	b	b	31/4	31/4	274	15-16	56	27-16	6/2	39/2	
Gillett	30	21	17-16	5	216	8	2/4	31/4	31/4	107	1-16	17/8	13-16	41	19-16	
Gillett	35	175	1-16	23	11-16	58	17-16	31/4	31/4	116	1-16	15	14/8	43	14/8	
Goodyr	15	16	24/8	a	a	2	3/8	17/4	17/4	35	4	15	3/8	3	24/2	
Goodyr	20	34	1-16	40	36	69	11-16	17/4	17/4	208	5-16	45	11-16	511/3-16		
Greyhd	10	a	a	a	a	2	3/8	17/2	17/2	15	a	555	14/8	5	34/2	
Greyhd	15	53	4/8	41	41	81	4/8	17/2	17/2	1	1-16	16/8	13-16	12	19/2	
Gulf O	20	a	a	a	a	2	6/8	25/2	25/2	216	3-16	15	3/8	3	24/2	
Gulf O	25	374	15-16	94	13/4	39	25-16	25/2	25/2	4	1-16	b	b	35/2		
Gulf O	30	292	1-16	367	7-16	b	b	25/2	25/2	20	4/8	6	4/8	a	a	19/2
Hercul	10	a	a	a	a	5	6/8	1614	1614	193	7/8	103	13/8	241	11-16	
Hercul	15	83	17-16	207	2/4	4	2/4	1614	1614	58	5/8	41	9/8	8	9/8	20/2
H. F. C	20	67	1-16	100	7-16	39	1	1614	1614	169	1-16	68	14/8	5	12/8	20/2
Lilly	40	6	7/8	a	a	b	b	47/4	47/4	276	12/4	121	5/8	57	6/8	20/2
Lilly	45	30	5/8	86	5/8	4/8	6	47/4	47/4	300	9-16	60	14/8	59	6/8	20/2
Lilly	50	47	11-16	68	216	64	3/4	47/4	47/4	650	1/8	487	3	50	416	20/2
Merrill	10	5	10/4	b	b	b	b	21	21	53	24/4	40	3/2	34/2	20/2	
Merrill	15	198	6/8	32	6/8	128	7	21	21	15	5/8	a	a	20/2		
Merrill	20	943	15/8	436	3/4	222	3/8	21	21	25	2/4	25	3/8	25	20/2	
Merrill	25	988	5-16	1614	1/2	172	213	21-16	21	22	2/4	25	3/8	25	20/2	
MesaP1	30	a	a	24	7	2	8	35/8	35/8	256	7-16	54	11-16	38	13/8	20/2
MesaP1	35	145	1-16	2	13	15-16	35/8	35/8	49	32%	b	b	b	b	50/2	
MesaP1	40	180	2	28	3/8	9	4/8	35/8	35/8	30	2/4	24	2/4	24	50/2	
MesaP1	35	158	3/8	99	13/4	20	2/8	35/8	35/8	39	13/8	23/4	22	23/4	50/2	
MesaP1	40	101	3/8	68	14/4	b	b	35/8	35/8	12	17/2	26	21	21	50/2	

Chicago Options Table

Insurance Stocks

**To manage the financial resources
of one of Europe's largest oil producers,
a man must be farsighted and decisive.**



Photographed at Elf Aquitaine's facilities in Lacq, France.

Société Nationale Elf Aquitaine, one of Europe's largest petroleum companies. It is his responsibility to meet the challenge of financing the development of his company's vast oil and gas reserves. For a major producer like Elf Aquitaine, this development is very costly - running into billions of dollars. To turn a search for energy into reality takes a lot of cooperation with

reality takes a lot of cooperation with other petroleum companies and capital from many international banks. Over the past three years, André

Over the past three years, Andre Gester has turned to bankers he can rely on. Bankers like those at Chemical Bank - the sixth largest U.S. bank. The

Bank - the sixth largest U.S. bank. The reason Elf has turned to Chemical Bank is bankers like Edward A. O'Neal

Bank is banker's like Edward A. O'Neal

O'Neal has made it his business to understand the business of Elf Aquitaine. Working closely with the head of Chemical's Petroleum and Minerals group - Europe, he has been able to deliver the kind of financial help Elf needs - wherever Elf needs it. "Chemical Bankers know what we mean when we say 200,000 barrels a

I mean when we say 200,000 barrels a day," Mr. Gester says. "And they know that a balance sheet can't show reserves. But their engineers can evaluate those reserves. O'Neal said,

evaluate those reserves. O'Neal and the Chemical Bank team can instantly see where our future lies."

into big ventures in the North Sea oil and gas fields, O'Neal together with his team of experts, is there with

Realistic and timely financial solutions. André Gester sums it up well: "We need a lot of money. And we can get a lot of money. But the important thing is that we get fast decisions".

Rapid, professional solutions are what André Gester has come to depend upon. He knows he has bank-

While theirs is a professional rela-

Well then there's a professional relationship, André Gester and Ed O'Neal will tell you that it is also personal and rewarding. That's what usually happens when corporate officers get together with Chemical Bankers.

And what results is bottom line benefits for both the company and the bank.

The difference in money is people. **CHEMICAL BANK**
Main Office: New York, N.Y. Division: One Penn Plaza, New York, N.Y. 10011

Main Office: New York, N.Y. Abidjan, Bahrain, Beirut, Birmingham, Bogota, Brussels, Buenos Aires, Cairo, Caracas, Channing Islands, Chicago, Duba, Edinburgh, Frankfurt, Hong Kong, Houston (affiliate), Jakarta, London, Madrid, Manila, Mexico City, Milan, Monrovia, Nassau, Paris, Rio de Janeiro, Rome, San Francisco, San Paulo, Seoul, Singapore, Sydney, Taipei, Tehran, Tokyo, Toronto, Vancouver, Vienna, Zurich.

Brussels, Copenhagen, Dublin, London, Luxembourg, Madrid, Paris, Rome, Stockholm, Tokyo, Toronto, Vancouver, Vienna, Zurich

Syndicated Bank Loans

(Continued from Page 9.)

Continental banker. "The fact that they finally accepted to pay a minimum fee does not restore the good will lost trying to erase it." Increasingly, bankers express hostility about how they are being squeezed by borrowers and suggest that "scores will be settled" when liquidity dries up and banks are in a position to dictate terms and withhold favors. Bankers complain that some borrowers are insisting on renegotiating terms on existing loan agreements without going through the exercise of preparing an old loan and refinancing it at new terms. Renegotiation instead of refinancing means fewer new costs for borrowers.

Asked why banks agree to go along with this if they are unwilling, a loan officer explained that other bank business might be lost with that borrower as well as with firms planning to export goods to that state.

The Russians reportedly are also trying a new approach to the market. Instead of seeking new syndicated loans they are said to be seeking "bilateral deals," in effect buying bank deposits. The Foreign Trade Bank, for example, is in the process of preparing a \$250-million loan and is trying to arrange individual loans of up to \$50 million from banks for up to eight years at 3% of a point over Libor. This method would not only reduce costs — no fees or commissions paid — but also would stand from public view how much the Russians are borrowing and at what terms.

South Korea's Export-Import Bank is breaking new ground, seeking up to \$200 million for 10 years with interest set at 3% over Libor for the first two years and 3% over thereafter. The amount is the largest single package yet arranged for South Korea and the terms are about a full quarter-point above previous loan operations. To win acceptance of what are considered very aggressive terms, managers are talking about delaying actual drawdown of the loan thereby improving the effective yield to the banks.

IRI, the Italian state holding company, is planning to raise \$500 million for seven years at a spread of 3% over Libor. This will be the first borrowing by IRI under its own name and will not carry an explicit state guarantee.

Costa Rica is raising \$180 million — of which \$70 million is for the government and the rest for the central bank. Interest on the 10-year loan will start at 3% over Libor for the first four years and then rise to 1 percent. Most of the money is refinancing earlier, more costly loans, and only \$25 million is new money. In all, this is the largest single loan package, the longest maturity and the lowest spread the country has yet negotiated.

Argentina's Agua water and power utility is borrowing \$120 million for 10 years at a spread of 3% for the first three years and 3% for the remainder. The state oil company YPF will be next to tap the market, for up to \$300 million, and reportedly will seek an even longer maturity while holding the same rate structure. IPS, a cement company, will be seeking \$250 million for 10 years and attempt to set a new low in spreads offering 3% throughout.

Euromarket

(Continued from Page 9.)

Among private placements, Gironzola Vienna sold 25 million DM of eight-year notes at par with a coupon of 5% percent. South Africa's Iscor is raising 40 million DM in six-year notes carrying a coupon of 8% percent.

The market for DM denominated Japanese convertible remains buoyant with the demand for Icos's 80 million DM said to exceed 200 million DM. The eight-year bonds carry a coupon of 3% percent and are expected to carry a conversion premium of around 10 percent. Nissan Diesel Motor is in the market for 80 million DM at identical terms while Kayaba Industry, supplier to the auto industry, is raising 30 million DM.

The attempt to reopen the French-franc sector of the market ran into difficulty with the franc considered a prime candidate to devalue against the mark before entering the new monetary system. In addition, bankers criticized the decision to reopen with the European Investment Bank, which is notorious for squeezing for the tightest possible terms. Critics say 20 million francs is too big, the 10-year maturity too long and the indicated 9% percent coupon too low. Critics notwithstanding, the managers say the issue is going well.

The EIB is also marketing \$75 million of 10-year and \$125 million of 20-year paper in New York, apparently indicating terms of 8% and 9 percent, respectively.

Panama sold 20 million Units of Account at 9% with a coupon of 8% percent, but trading in the 15-year issue opened at 96-98%. Current offer on offer is Kommunaleinstitut, the Swedish municipal finance agency, which is seeking 15 million UA for 15 years with a coupon of 7% percent.

Eurobonds Yield* Week Ended Sept. 20 (U.S. Dollars)

International institutions: 8.83%; Industrials, long term: 8.82%; Industrials, medium term: 8.86%; Canadian dollars, medium term: 9.78%; French franc, long term: 10.16%; Unit of acc. long term: 7.53%. Calculated from Eurobonds Stock Exchange.

Market Turnover Week Ended Sept. 22, 1978 (Millions of U.S. Dollars)

International institutions: 8.83%.

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Market Turnover Week Ended Sept. 22, 1978 (Millions of U.S. Dollars)

First Since Grove

Palmer Wins 20 For 8th Season

Three of the major leagues' four permanent races moved nearer resolution in Saturday's games, but the fourth — in the American League's East Division — grew tighter.

In the National League West, the Los Angeles Dodgers clinched at least a tie for the title, beating the San Diego Padres, 5-3, while the second-place Cincinnati Reds were losing to the Atlanta Braves, 8-1.

In the National League East, the Philadelphia Phillies doubled their lead over Pittsburgh — from 1½ games to 3 — by sweeping a doubleheader from the New York Mets, 1-0 and 6-3, while the Pirates were losing, 3-2, to the Montreal Expos.

In the American League West, the Kansas City Royals reduced their permanent-clinching number to two, topping the Minnesota Twins, 3-1, while the second-place California Angels were losing to the Chicago White Sox, 5-4.

And in the American League East, the Boston Red Sox closed to one game behind New York, downing the Toronto Blue Jays, 3-1, while the Yankees were crushed by the Cleveland Indians, 10-1.

BALTIMORE, Sept. 24 (UPI) — Jim Palmer became the first American League pitcher in 43 years to post eight 20-victory seasons when he pitched a four-hitter last night to give the Baltimore Orioles a 6-1 triumph over the Detroit Tigers and a split of their doubleheader.

Douglas DeCinces hit his 25th home run to help Palmer, 20-12, after a two-run single with none out in the ninth inning by John Wockenfuss gave the Tigers a 4-3 triumph in the opener.

Palmer, who has won at least 20 games in eight of the last nine seasons, became only the third American League pitcher in history — and first since Lefty Grove in 1935 — to win 20 games eight times. Walter Johnson holds the league record with 12 20-victory seasons.

Palmer struck out four batters and walked two to post his 214th career victory.

Red Sox 3, Blue Jays 1 At Toronto, Jim Rice hit his 43rd home run and collected his 387th total base to power Boston to a 3-1 triumph over Toronto. Rice needs 13 total bases in Boston's seven remaining games to reach the 400 mark last attained in the major leagues by Hank Aaron in 1959. The last American League hitter

Jays Rehire Manager TORONTO, Sept. 24 (UPI) — The Toronto Blue Jays announced yesterday that manager Roy Hartsfield and his five coaches — Harry Warner, Jackie Moore, Don Lepert, Bob Miller and Bobby Doerr — will all be back with the club for the 1979 season.

Major League Standings

NATIONAL LEAGUE EAST

W L Pct. GB

Philadelphia 92 62 .588 —

Pittsburgh 92 67 .572 7½

Chicago 76 78 .494 8½

Montreal 72 82 .468 13½

St. Louis 67 82 .429 19½

New York 62 72 .465 22

WEST

Atlanta 92 62 .400 —

Cincinnati 82 67 .532 7½

San Francisco 58 70 .458 8

Los Angeles 61 75 .459 12½

Montreal 49 62 .446 24

AMERICAN LEAGUE EAST

W L Pct. GB

New York 92 62 .460 —

Boston 92 67 .594 1

Montreal 85 67 .571 .416

Minnesota 85 67 .599 4½

Detrol 85 67 .574 5

Cleveland 48 84 .447 23½

Toronto 59 95 .385 33½

Braves 8, Reds 1

At Atlanta, Glenn Hubbard's bloop double drove in two runs in a five-run Atlanta outburst in the fourth inning and Garry Matthews, 2, hit a triple, double and three singles in the nightcap while driving home three runs to lead Philadelphia to a 1-0, 6-3 doubleheader sweep of New York.

Expos 3, Pirates 2

At Montreal, pinch-hitter Del Unser singled home Larry Parish in the ninth to give Montreal a 3-2 victory over Pittsburgh. Parish opened the ninth with a double off Bert Blyleven. After Chris Speier grounded out, Unser batted for winning pitcher Ross Grimsley and singled up the middle to score Parish.

Cardinals 5, Cubs 1

At St. Louis, Gary Templeton and Jerry Memphis delivered run-scoring singles as St. Louis rallied for five runs in the eighth and beat Chicago, 5-1.

Dodgers 5, Padres 3

At Los Angeles, pinch-hitter Lee Lacy's two-run homer in the seventh inning off reliever Rollie Fingers highlighted a four-run rally and lifted Los Angeles to a 5-3 triumph over San Diego.

Giants 3, Astros 2

At San Francisco, Tom Heintzelman's pinch-hit single in the eighth inning scored Vic Harris from third and gave San Francisco a 3-2 triumph over Houston.

Ashe, Gottfried Advance

LOS ANGELES, Sept. 24 (AP) — Arthur Ashe, Brian Gottfried, Peter Fleming and Harold Solomon advanced yesterday to the semifinals of the Tennis Open tournament with victories in quarterfinal matches.

Ashe will face Johnson and Gottfried goes against Fleming.

Ashe defeated Dick Stockton, 6-2, 6-4 to earn a berth in the semifinals.

Two other upsets marked the third round.

Drysdale, the oldest player in the tournament at 37, ousted John Alexander in three sets, 6-3, 3-6, 7-5. And qualifier Jan Norbork defeated veteran Ray Moore, 6-3, 6-3.

Hinault Beats Moser

CANNES, Sept. 24 (UPI) — Bertrand Hinault won the Grand Prix des Nations professional road cycling race here today, clocking 2 hours 6 minutes 35 seconds for the 55-mile time trial. Hinault, the winner also of the Tour de France this year, finished 56 seconds ahead of Francesco Moser, with Henrique Kuiper third.

Transactions

BASEBALL National League PITTSBURGH PIRATES — Purchased the contract of Cito Gaston, outfielder, from the Atlanta Braves for an undisclosed amount of cash.

HOCKEY National Hockey League PHILADELPHIA FLYERS — Cut Dave Hynes, Tom Lemoine, forward; Tom MacEachen, and Larry Angus, defenceman, and Doug McNeil, forward.



United Press International
Indians 10, Yankees 1

Second baseman Duane Kuiper of the Cleveland Indians falls over Willie Randolph of the New York Yankees, who came into the base hard in a successful attempt to break up the double play.

Bostock Is Shot to Death

GARY, Ind., Sept. 24 (UPI) — Lymah Bostock, a 27-year-old star outfielder for the California Angels and one of the highest-paid players in baseball, was shot to death while he was riding in a car here last night.

St. Robert Highsmith of the police said that Bostock, the American League's ninth-leading hitter, was riding in the back seat of a car driven by his uncle, Thomas Turner of Gary. Bostock was visiting after the Angels were defeated, 5-4, by the White Sox in nearby Chicago yesterday.

Also in the car were Barbara Smith, 26, an acquaintance of Bostock, and Mrs. Smith's sister, whose name was not immediately made public.

Highsmith said the shooting was witnessed by many pedestrians at a crossroads intersection dividing Gary's residential and business districts. Turner had stopped his car at an earlier stop sign when the suspect pulled up beside them.

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